

110TH CONGRESS
2D SESSION

H. R. 6181

To amend the Internal Revenue Code of 1986 to allow certain current and former service members to receive a refundable credit for the purchase of a principal residence.

IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2008

Mr. BILIRAKIS (for himself and Mr. PUTNAM) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to allow certain current and former service members to receive a refundable credit for the purchase of a principal residence.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “American Heroes’
5 Homeownership Assistance Act of 2008”.

1 **SEC. 2. QUALIFIED SERVICE MEMBER HOMEBUYER CRED-**
2 **IT.**

3 (a) IN GENERAL.—Subpart C of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by redesignating section 36 as section
6 37 and by inserting after section 35 the following new sec-
7 tion:

8 **“SEC. 36. QUALIFIED SERVICE MEMBER HOMEBUYER**
9 **CREDIT.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of a
11 qualified service member, or such service member’s sur-
12 viving spouse, who purchases a principal residence, there
13 shall be allowed to the taxpayer a credit against the tax
14 imposed by this chapter an amount equal to 10 percent
15 of the purchase price of such residence.

16 “(b) LIMITATIONS.—

17 “(1) IN GENERAL.—Except as otherwise pro-
18 vided in this paragraph, the credit allowed under
19 subsection (a) shall not exceed \$7,500.

20 “(2) MARRIED INDIVIDUALS FILING SEPA-
21 RATELY.—In the case of a married individual filing
22 a separate return, paragraph (1) shall be applied by
23 substituting ‘\$3,750’ for ‘\$7,500’.

24 “(3) OTHER INDIVIDUALS.—If two or more in-
25 dividuals who are not married purchase a principal
26 residence, the amount of the credit allowed under

1 subsection (a) shall be allocated among such individ-
2 uals in such a manner as the Secretary may pre-
3 scribe, except that the total amount of the credits al-
4 lowed to all such individuals shall not exceed \$7,500.

5 “(4) ONE-TIME ONLY.—If an individual receives
6 a credit under subsection (a) for the purchase of a
7 principal residence, such individual shall not be al-
8 lowed a credit under subsection (a) with respect to
9 the purchase of any other principal residence. The
10 preceding sentence shall not apply to a principal res-
11 idence with respect to which a credit is allowed
12 under subsection (a) and to which subsection (e)(1)
13 applies.

14 “(c) DEFINITIONS.—

15 “(1) QUALIFIED SERVICE MEMBER.—The term
16 ‘qualified service member’ means a current or
17 former service member who performs duty in a com-
18 bat zone between the years 2001 and 2010.

19 “(2) SERVICE MEMBER.—The term ‘service
20 member’ means a member of the uniformed services
21 (as defined in section 101(a)(5) of title 10, United
22 States Code).

23 “(3) COMBAT ZONE.—The term ‘combat zone’
24 has the meaning given such term by section
25 112(c)(2).

1 “(4) PRINCIPAL RESIDENCE.—The term ‘prin-
2 cipal residence’ has the same meaning as when used
3 in section 121.

4 “(5) PURCHASE.—

5 “(A) IN GENERAL.—The term ‘purchase’
6 means any acquisition, but only if—

7 “(i) the property is not acquired from
8 a person related to the person acquiring it,
9 and

10 “(ii) the basis of the property in the
11 hands of the person acquiring it is not de-
12 termined—

13 “(I) in whole or part by reference
14 to the adjusted basis of such property
15 in the hands of the person from whom
16 acquired it, or

17 “(II) under section 1014(a) (re-
18 lating to property acquired from a de-
19 cedent).

20 “(B) CONSTRUCTION.—A residence which
21 is constructed by the taxpayer shall be treated
22 as purchased by the taxpayer on the date the
23 taxpayer first occupies the residence.

1 “(6) PURCHASE PRICE.—The term ‘purchase
2 price’ means the adjusted basis of the principal resi-
3 dence on the date such residence is purchased.

4 “(7) RELATED PERSONS.—A person shall be
5 treated as related to another person if the relation-
6 ship between such persons would result in the dis-
7 allowance of losses under section 267 or 707(b) (but
8 in applying section 267(b) and (c) for purposes of
9 this section, paragraph (4) of section 267(c) shall be
10 treated as providing that the family of an individual
11 shall include only his spouse, ancestors, and lineal
12 descendants).

13 “(d) EXCEPTIONS.—No credit under subsection (a)
14 shall be allowed to any taxpayer for any taxable year with
15 respect to the purchase of a residence if—

16 “(1) the residence is financed by the proceeds
17 of a qualified mortgage issue, the interest on which
18 is exempt from tax under section 103,

19 “(2) the taxpayer is a nonresident alien, or

20 “(3) the taxpayer disposes of such residence (or
21 such residence ceases to be the principal residence of
22 the taxpayer (and, if married, the taxpayer’s
23 spouse)) before the close of such taxable year.

24 “(e) RECAPTURE OF CREDIT.—

1 “(1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, if a taxpayer disposes of the
3 principal residence with respect to which a credit
4 was allowed under subsection (a) (or such residence
5 ceases to be the principal residence of the taxpayer)
6 before the end of the recapture period, the taxpayer
7 shall take into gross income an amount equal to one
8 half the credit allowed under subsection (a) in the
9 first taxable year following such disposal or cessation
10 and one half in the second taxable year following
11 such disposal or cessation.

12 “(2) EXCEPTIONS.—

13 “(A) DEATH OF TAXPAYER.—Paragraph
14 (1) shall not apply to any taxable year ending
15 after the date of the taxpayer’s death.

16 “(B) INVOLUNTARY CONVERSION.—Para-
17 graph (1) shall not apply in the case of a resi-
18 dence which is compulsorily or involuntarily
19 converted (within the meaning of section
20 1033(a)) if the taxpayer acquires a new prin-
21 cipal residence during the 2-year period begin-
22 ning on the date of the disposition or cessation
23 referred to in paragraph (1). Paragraph (1)
24 shall apply to such new principal residence dur-
25 ing the recapture period in the same manner as

1 if such new principal residence were the con-
2 verted residence.

3 “(C) TRANSFERS BETWEEN SPOUSES OR
4 INCIDENT TO DIVORCE.—In the case of a trans-
5 fer of a residence to which section 1041(a) ap-
6 plies—

7 “(i) paragraph (1) shall not apply to
8 such transfer, and

9 “(ii) in the case of taxable years end-
10 ing after such transfer, paragraph (1) shall
11 apply to the transferee in the same manner
12 as if such transferee were the transferor
13 (and shall not apply to the transferor).

14 “(D) ACQUISITION OF NEW PRINCIPAL
15 RESIDENCE.—Paragraph (1) shall not apply if
16 the taxpayer acquires a new principal residence
17 during the 2-year period beginning on the date
18 of the disposition. Paragraph (1) shall apply to
19 such new principal residence during the recap-
20 ture period in the same manner as if such new
21 principal residence were the disposed residence.

22 “(3) RECAPTURE PERIOD.—For purposes of
23 this subsection, the term ‘recapture period’ means
24 the taxable year following the taxable year for which
25 a credit is allowed under subsection (a).

1 “(4) JOINT RETURNS.—In the case of a credit
2 allowed under subsection (a) with respect to a joint
3 return, half of such credit shall be treated as having
4 been allowed to each individual filing such return for
5 purposes of this subsection.

6 “(f) APPLICATION OF SECTION.—This section shall
7 only apply to principal residences purchased by the tax-
8 payer before January 1, 2011.”.

9 (b) CONFORMING AMENDMENTS.—

10 (1) Section 26(b)(2) of such Code is amended
11 by striking “and” at the end of subparagraph (U),
12 by striking the period and inserting “, and” at the
13 end of paragraph (V), and by inserting after sub-
14 paragraph (V) the following new subparagraph:

15 “(W) section 36(e) (relating to recapture
16 of qualified service member homebuyer cred-
17 it).”.

18 (2) Section 6211(b)(4)(A) of such Code is
19 amended by striking “34” and all that follows
20 through “6428” and inserting “34, 35, 36, 53(e),
21 and 6428”.

22 (3) Section 1324(b)(2) of title 31, United
23 States Code, is amended by inserting “, 36” after
24 “section 35”.

1 (4) The table of sections for subpart C of part
2 IV of subchapter A of chapter 1 of the Internal Rev-
3 enue Code of 1986 is amended by redesignating the
4 item relating to section 36 as an item relating to
5 section 37 and by inserting before such item the fol-
6 lowing new item:

“Sec. 36. Qualified Service Member Homebuyer Credit.”.

7 (c) EFFECTIVE DATE.—The amendments made by
8 this section shall apply to principal residences purchased
9 by the taxpayer on or after the date of enactment of this
10 Act.

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